

Message Text

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ACTION EB-07

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GENEVA FOR PHELAN

E.O. 11652: NA

TAGS: ETRD EG US

SUBJECT: TEXTILES -DRAFT NOTE

REF: STATE 187763

1. GOE NEGOTIATORS NASSEF AND KAMEL GRATIFIED AT FORTHCOMING NATURE OF REPLIES TO THEIR QUESTIONS AND PROPOSALS AS CONTAINED REFTEL, ALTHOUGH SOME QUESTIONS STILL REMAIN. FOR PURPOSES OF CONVENIENCE, COMMENTS BELOW ARE KEYED TO SUBPARAS OF PARA 1 REFTEL.

2. SUBPARA 3. AGREED.

SUBPARA 4. AGREED, BUT TO MAINTAIN LANGUAGE CONTINUITY, THE WORD "FOR" SHOULD BE ADDED AFTER THE NEW PHRASE "COTTON TEXTILES AND COTTON TEXTILE PRODUCTS."

SUBPARA 5. AGREED

SUBPARA 6. AGREED

SUBPARA 7. EGYPTIANS CONTINUE TO BE PUZZLED AND CONFUSED

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OVER LANGUAGE IN PARA 6 (B) (11) OF DRAFT TREATY. THEY NOTE THAT

IN OLD AGREEMENT THERE WAS GLOBAL QUOTA IN WHICH SPECIFIC CATEGORIES ADDED UP TO 100 PERCENT OF TOTAL QUOTA. THIS IS NOT CASE IN PRESENT ARRANGEMENT, WHERE TOTAL OF SPECIFIC CATEGORIES EXCEEDS GLOBAL QUOTA BY WIDE MARGIN. SINCE, THEREFORE, THERE MUST ALWAYS BE SHORTFALLS IN AT LEAST SEVERAL SPECIFIED CATEGORIES, HOW WILL ANYONE BE ABLE TO CALCULATE WHERE SHORTFALL OCCURRED IN ORDER TO DETERMINE WHERE CARRYOVER CAN BE APPLIED? SINCE FLEXIBILITY WAS KEY POINT DESIRED BY BOTH PARTIES, GOE FINDS RESTRICTION ON CARRYOVER CONTRARY TO SPIRIT AND AGREED-UPON MOU, SINCE IT WILL LIMIT EXPORTS TO ITEMS WHICH US NEGOTIATING TEAM URGED BE DOWNPLAYED. GOE THEREFORE SUGGESTS RETURN TO SIMPLER LANGUAGE OF MOU. (IN RELATED COMMENT, IT WAS POINTED OUT THAT NO ONE ON EGYPTIAN SIDE UNDERSTANDS WHAT IS MEANT BY PARA G (C). EMBOFF WAS UNABLE TO FULLY EXPLAIN AND ADDITIONAL CLARIFICATION IS REQUESTED.)

SUBPARA 8. EGYPTIANS ACCEPT "BEST EFFORTS" AS STATED IN DRAFT.

SUBPARA 9. EGYPTIANS DO NOT WISH TO LEAVE FALSE IMPRESSION RE STATISTICS. GOE'S RECORDS ARE KEPT AND CONTROLS IMPOSTED IN ACCURATE, DETAILED AND TIMELY FASHION BY MEANS OF REGISTERING EXPORT AUTHORIZATIONS AS THEY ARE ISSUED, MEASURED AGAINST TOTAL QUOTA OR OTHER RESTRICTIONS IN FORCE FOR A GIVEN DESTINATION, E.G. US. STATISTICS ARE NOT PREPARED MONTHLY, BUT CAN BE OBTAINED AND TRANSLATED AT ANY TIME A REQUEST IS MADE. THUS IF "PROMPTLY SUPPLY.. MONTHLY STATISTICS" IS UNDERSTOOD TO MEAN "AS FEASIBLE" OR "BEST EFFORTS", THEN THERE IS NO PROBLEM. (NASSEF POINTED OUT THAT EXPANSION OF PHRASE "EXCHANGE OF STATISTICS " IN PARA 7 OF MOU TO 11-SENTENCE PARA IN DRAFT TREATY IS SORT OF THING THAT HAS CAUSED PROBLEMS.)

SUBPARA 10. EGYPTIANS WOULD PREFER TO REMOVE PARA 16 OF DRAFT, WITHOUT IN ANY WAY QUESTIONING RIGHT OF US TO CONTROL IMPORTS, SINCE IT WAS NOT IN MOU AND THEREFORE POSES PROBLEM FOR NEGOTIATING TEAM(SEE BELOW).

2. EMBASSY SHARES SOME OF GOE'S CONCERNS OVER REPLACEMENT OF MOU BY DRAFT, PARTICULARLY IF DRAFT, AS STATED REFTEL, IS DESIGNED TO MAINTAIN SOME UNIFORMITY AMONG OUR BILATERAL AGREEMENTS. IT MIGHT HAVE BEEN EASIER TO SECURE AGREEMENT TO LIMITED OFFICIAL USE

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DRAFT AT VERY BEGINNING. NASSEF AND KAMEL ARE SOMEWHAT CONCERNED AT NECESSITY OF SHOWING TO THEIR SUPERIORS, AND ATTEMPTING TO EXPLAIN, DOCUMENT THAT IS MUCH DIFFERENT FROM WHAT WAS EARLIER PRESENTED. AT HIGHER LEVELS OF MINTRADE, WHERE EXPERTISE IS NOT AT SAME LEVEL, EVEN RELATIVELY SIMPLE PARTS OF DRAFT ARE DIFFICULT TO UNDERSTAND; THE COMPLICATED PARTS ARE IMPOSSIBLE.

3. EGYPTIANS ARE FULLY IN AGREEMENT WITH US DESIRE TO AVOID MINOR PROBLEMS AND BE FORTHCOMING ON AGREEMENT. HOWEVER, PROBLEMS AS MENTIONED ABOVE ARE REAL AND MUST BE DEALT WITH AS SUCH. DEPT IS THEREFORE URGED TO PROVIDE DETAILED EXPLANATIONS FOR QUESTIONS POSED ABOVE, SO THAT NON-EXPERT EMBOFF CAN EXPLAIN TO NASSIF, FOR FURTHER EXPLANATION TO NON-EXPERT GOE OFFICIALS. EMBASSY RECOMMENDS THAT NON-ESSENTIAL PORTIONS BE DROPPED, IF POSSIBLE, OR REPLACED WITH LANGUAGE FROM MOU. EGYPTIANS, LIKE OURSELVES, WANT AN AGREEMENT, BUT THEY APPEAR UNLIKELY TO ACCEPT DRAFT IN ITS PRESENT FORM, AT LEAST IN SHORT RUN. WHILE UNIFORMITY IN BILATERALS IS CLEARLY TO OUR ADVANTAGE, WE SHOULD NOT SACRIFICE MORE IMPORTANT ASPECTS OF NEW US-EGYPTIAN RELATIONSHIP IN ORDER TO HAVE TREATY THAT LOOKS THE SAME AS OTHERS.
EILTS

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